

(Start Belt #9)

have made reference on a number of occasions that if this isn't done, it will drive availability to borrow out of the state. If that was a long term fact, it would seem to me that you would also close up the financial institution at least to my knowledge, the ones at least the ones that I have any knowledge of all depend upon a fairly high degree upon the deposits that are generated from people doing business in that community in which they in turn loan. Now if they are not going to loan any oh money so that they or that business and people can not buy homes and office or operate business they are going to have no source of deposits and it makes no sense to me that they are going to turn that money into some other state. Because in a short period of time they are not going to have any money to loan. I don't really see the logic that you are going to drive the money out of Nebraska. Which, of course has been repeatedly said. The other....I would like to know why that isn't true.

SPEAKER: Who are you asking Senator Warner. Well Senator Whitney is just a shade shorter in answering than Senator DeCmap. Senator Whitney.

SENATOR WHITNEY: Mr. President, I would like to reply to Senator Warner's question. Included in the interest rate is also a risk factor. The banker will continue to loan but he will lend this money to the men who have the best capital. He won't loan to those people who have the least amount of money, because they are a greater risk. So we have to make it possible sometimes for the banker to make high risk loans and take that greater chance by charging a little higher rate of interest, otherwise those people who need the money and who we think are going to develop the state of Nebraska they want to develop the state of Nebraska they want to build apartment houses and they want to build industrial centers and if we don't give them an opportunity then we are going to loose development.

SPEAKER: Most of you have already talked two times. I'm going to shut this off in just a moment. Senator Nore.

SENATOR NORE: Mr. President, members, I think that probably we have some experts here in this field. One of them is Senator Keyes he says and I'm not an expert I only work in an institution a financial institution that loaned millions of dollars to farmers during the depression. We were loaning money on the basis of unsound credit because it was government money. If we hadn't loaned those folks this money and given them a little grant instead, we found out that those getting a little federal grant maybe \$20 a month, they were making progress. We were loaning millions of dollars to these folks on the basis of unsound credit. So when we get the interest rates up high enough, you begin...you have to get your interest up there on the basis of soundness. So I'm not in favor of unsound credit. This is what we are encouraging here when you get interest rates too high. It is unsound credit. There is nothing more devastating to a family than to get involved, especially young families, and these are the folks that will be paying the high interest rates. Now, I'm speaking from experience. I know nothing of finances just from experience. That we loan those folks money on the basis of unsound credit